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DE RUEHKT #1282/01 1391152  
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FM AMEMBASSY KATHMANDU  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1521  
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 4363  
RUEHLM/AMEMBASSY COLOMBO PRIORITY 4618  
RUEHKA/AMEMBASSY DHAKA PRIORITY 9722  
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 2605  
RUEHLO/AMEMBASSY LONDON PRIORITY 4015  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 9745  
RUEHKO/AMEMBASSY TOKYO PRIORITY 0888  
RHEFDIA/DIA WASHDC PRIORITY  
RHHMUNA/CDR USPACOM HONOLULU HI PRIORITY  
RUEKJCS/SECDEF WASHDC PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY

C O N F I D E N T I A L KATHMANDU 001282

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DEPT FOR SCA/INS

E.O. 12958: DECL: 05/19/2016  
TAGS: [PGOV](#) [PTER](#) [KDEM](#) [ECON](#) [NP](#)  
SUBJECT: EUPHORIA, BUT SOME QUESTIONS, OVER PARLIAMENT  
SOVEREIGNTY DECLARATION

REF: KATHMANDU 1268

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b,d).

Summary  
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1. (C) Nepalese throughout the country took to the streets on May 18 and 19 to peacefully celebrate the May 18 "historic" Declaration of the sovereignty of Parliament (reftel). Civil society leaders welcomed the Declaration, but privately worried about its implementation and legality. Business people also were positive about the announcement, but hoped that the government would now focus on measures to improve the economy. Maoist leader Prachanda "cautiously welcomed" the Declaration, but claimed that it fell short of the people's desire for a republic. Officers in the newly coined Nepalese Army had no problem with the name change, but expressed concern that the politicians needed to understand how to utilize an army. The officers and business leaders emphasized that Parliament should now focus on the ongoing Maoist violence. End summary.

People Enthusiastically Welcome Declaration  
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2. (U) People throughout the country welcomed the Parliament's May 18 Declaration by participating in peaceful rallies. The government declared May 19 a national holiday to commemorate the "historic" occasion, and political parties organized peaceful rallies in Kathmandu, Bhaktapur, and Patan, the three cities in the Kathmandu Valley, to celebrate. On May 18 in Butwal, Rupandehi District (western terai), students and townspeople rallied in support of the Declaration and lit candles in memory of the people who died in the people's movement. In Pokhara (western hills), youths, students and tourism entrepreneurs rallied after the announcement, chanting slogans such as "long live the Nepal Government" and "we salute the brave martyrs." In Simara, Bara District (central terai), townspeople converged on the highway where local leaders of political parties spoke, demanding that the government next announce the date of the constituent assembly election and resumption of talks with the Maoists. In Charikot, Dolakha District (central hills),

citizens took to the streets in a "victory rally" and lit their houses at night to celebrate. In Biratnagar, Morang District (eastern terai), students and townspeople lit candles and political parties held an evening rally.

Civil Society "Very Positive"...

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13. (C) Civil society leaders throughout the country termed the Declaration "very positive," but expressed some concern over implementation. Devendra Raj Pandey, civil society leader in Kathmandu, told Emboff that the Parliamentary Declaration was a "great change" and the people who took to the streets in April were "very proud." However, he cautioned that the Declaration needed to be implemented as soon as possible. Likewise, Ashok Palikhe, an activist in Pokhara, welcomed the Declaration, but said the true test would be how the government implemented it. He added that the government needed to be serious, because the King might "raise his head again." However, Dhawal Shumsher Rana, Former Mayor of Nepalgunj, told Emboff that the Parliamentary Declaration was excellent as it had "solved the problem with the King once and for all."

...But Some Questions

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14. (C) Some civil society leaders worried that Parliament's action was not entirely legal. Subodh Pyakurel, President of local NGO Informal Sector Service Center (INSEC), stated that while the Declaration was "very positive," it was only "semi-legal." Therefore, people could challenge it in the court, and it could be voided. Thus, he hoped the government would bring out an interim governance bill or act to legalize

the Declaration. However, Ram Krishna Timalsena, Spokesperson of the Supreme Court, told Emboff that the Declaration was made by the sovereign Parliament and therefore it could not be challenged in the Supreme Court.

Business Leaders Hope Parliament Can Now Focus on Economy

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15. (C) Business leaders welcomed the Declaration, and hoped that the government would now be able to focus on improving Nepal's economy. Arun Kumar Chaudhary, President of Nepal-India Chamber of Commerce and Industries and a leading industrialist, said the Declaration was good, and now it was time for the Parliament to address major issues concerning the economy of the country and the business community. He commented that the business community was in total disarray. Rajendra Khetan, Vice President of the Confederation of Nepalese Industries, said the Declaration was important, but he hoped Parliament would now focus on social inclusion and economic empowerment of all the Nepalese people. Banwari Lal Mittal, former President of the Chamber of Commerce and prominent industrialist, said the Declaration was historic and a very good decision bringing power to the people. He hoped the Parliament would now clearly outline its economic policy and focus on good governance and providing security to all the people of Nepal.

Maoists Welcome, but Criticize Declaration

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16. (SBU) Maoist chairman Prachanda welcomed the May 18 House Declaration as a partial success for the 12-point understanding and the people's movement. Prachanda, in a statement released on May 18, attempted to claim partial credit, noting that Maoists had long been demanding several of the points, including naming Nepal as a secular state. However, he complained that "the proclamation does not, on the whole, address the needs and aspirations of the people." Prachanda termed as "incomplete" the decision to grant monarchy a ceremonial role when the people wanted a republic. Prachanda also warned people that the proclamation could be a ploy to overshadow talks and constituent assembly elections. "The silence with regards to peace talks as a

solution to the serious problem of a decade-old civil war has given rise to a serious suspicion," he said in the statement.

He claimed the Declaration was silent on the issues of growing foreign interference, restructuring the state, self-determination, regional and ethnic autonomy and federal system, revolutionary land reforms and fundamental rights to education, health and employment. He also claimed that, by not even mentioning the 12-point understanding, the declaration looks like the parties intended to take all the credit for the people's movement. (Note: The Declaration introduction did mention the 12-point understanding: "with determination to fulfilling the people's mandate given by the Nepali people per the roadmap of the seven political parties and the 12-point understanding..." End note.) Prachanda said he would raise these and other issues during talks with the government.

#### Army Officers Lukewarm

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17. (C) While army officers told Emboff that they were not concerned about the name change from Royal Nepalese Army to Nepali Army (NA), the officers were concerned that the civilian government might not understand how to utilize the army. An officer commented that the Declaration did not address who was now the Supreme Commander. However, he continued, "what is important to note is that, as the Nepal Army (NA) is under the Parliament, clear roles from NA mobilization, rules of engagement, cease-fire duties and responsibilities and matters concerning security aspects of the state need to be specified." Another officer expressed loyalty to the Parliament, saying "the Army is a disciplined organization and has no history of revolt or mutiny; a military coup is not expected." He commented that he hoped the Parliament would not interfere in the army's day-to-day

work such as promotions and postings and "trying to appoint the Generals based on how much money one can give" or based on political loyalties. Rather, Parliament's role should be to focus on "strategic policy matters and systemic problems such as health, welfare, logistics, and pay that the NA was never able to address by itself."

#### Army Worried About Maoists...

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18. (C) The army officers were troubled about the future of the NA in light of past and present Maoist actions, statements, and motives. One officer worried that, if the mistrust between the NA and the politicians continued, "the Maoists will gain and the parties will lose." He wondered what would happen if the Maoists claimed a large share of the government through constituent assembly elections. He noted that large numbers of Maoist workers and sympathizers planned to participate in a demonstration set for June 2 in Kathmandu. "It is important that the parties should be concerned about the security aspects on this event as armed Maoists may be present."

#### ...as are Business Leaders

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19. (C) Business leaders noted that the Parliament had the responsibility and challenge of containing the Maoists and bringing them back to the political mainstream. Chaudhary told Emboff that the Declaration happened through the sacrifice of thousands of people. While he hoped it would lead to a permanent peace and political resolution, he worried that government decisions were dictated by the mob on the street. He argued that the time had come for political leaders to assert what should be done, and not merely accept everything the Maoists and the mob demanded. He stated that extortion demands and blatant Maoist interference in the factories and business were increasing so fast during this cease-fire that "everyone in the business community was panicked." He said that the seven parties, government, and the Parliament needed to "very quickly" address these concerns of the business community or all trading and

industrial activities would "come to a grinding halt."

¶10. (C) Industrialist Mittal told Emboff that the Maoists were claiming to be closer than ever to their ultimate goal of total Maoist takeover. He cited ongoing Maoist recruitment drives and extortion sprees to substantiate his claim. He worried that the Maoists could derail democracy, explaining that, in the ten years of the Maoist insurgency, violence and militancy had infiltrated every community in Nepal. However, Prasadha Pandey, President, Nepal-USA Chamber of Commerce and Industries, was more optimistic saying, "If the King was forced to bow down to the popular demand of the people, then the Maoists will also be forced to bow down to the people's demand for peace and stability."

Comment

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¶11. (C) The prevailing mood is jubilant and hopeful. That said, people continue to have high expectations of the Parliament, which will have to quickly build trust with the security forces. The government can seek to use its strong positive public support to bolster its own position as it deals with the Maoists.

MORIARTY